



Remarks For

The Hon. Steven Preston
Administrator
U.S. Small Business Administration

Delivered At The

**8th Annual Department of Energy Small Business Conference
Matchmaking Luncheon**

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WELCOME

Thank you, Frank, for that nice introduction.

I also want to thank Theresa Speake, a member of the SBA's Procurement Advisory Council. It can be challenging for small businesses to contract with the federal government, but with dedicated professionals like Theresa, we're constantly working to make sure the door is always open to you. I value the partnership we have with the Department of Energy in helping to serve our small business community.

The Department of Energy procures over \$1 billion in good and services annually from small companies, and sub-contracts \$3.5 billion from small businesses, which represents almost half of all DOE sub-contracting dollars. Small Disadvantaged Businesses and women-owned small businesses each receive almost \$600 million of those sub-contracting dollars.

Today alone, \$7 billion in contracts are under consideration and 2,400 face-to-face appointments are taking place.

I thank the Department of Energy for partnering with us.

SMALL BUSINESS AND THE ECONOMY

I start out by focusing on support for small business because small

businesses play a vital role in our economy and in our society. America has an economy that regenerates, is flexible, and adapts to opportunity in large part because our entrepreneurial culture has taught us to dream, to see possibilities, and to act on these possibilities.

The spirit of entrepreneurship and small business ownership is an essential part of our nation's DNA. Small businesses drive innovation that keeps our country competitive, provide opportunity to millions of Americans who may not find it elsewhere and enable transformation in communities that need economic revitalization.

Entrepreneurs create jobs for Americans. Since August 2003, over 8 million jobs have been created—more jobs than all the other industrialized nations combined. Our economy has now added jobs for 45 straight months. Small businesses created two-thirds of those new jobs.

Entrepreneurs create economic growth. American workers are taking home more pay with those jobs. Real after-tax income per person has risen by 10 percent – over \$3,000 – over the last 6 years. Small businesses represent more than half of our non-farm private GDP.

Entrepreneurs drive innovation and competitiveness. Entrepreneurs drive a tremendous amount of the innovation in our country; small patenting

firms produce 13 to 14 times more patents per employee than their larger competitors do.

IMPORTANCE OF MATCHMAKERS

The Small Business Administration and the Department of Energy contribute to the growth of small businesses and help our government procure more efficiently by offering forums like today's Matchmaker to bring small business owners and contractors together.

There are a lot of great contracting opportunities available to small businesses through the Department of Energy. The unique contract structure with the National Laboratories creates tremendous opportunity for qualified small businesses to subcontract a large percentage of options available today.

The benefits of Matchmakers seem pretty obvious. They provide an excellent networking forum for small business and contractors. The SBA estimates that for every \$133,500 in contract dollars, one job is supported. We at the SBA know this very well because we have an initiative specifically for business matchmaking. There are two versions of our Business Matchmaking Program: the first is the Regional Event format which includes "one-on-one" procurement appointments between small businesses and public and private buyers, much like the Matchmaker today.

Over 44,000 appointments have occurred from our Matchmakers, over 2,000 procurement representatives have participated in our Matchmakers, over 15,600 small business representatives have participated and have also received training and counseling through our Matchmakers, and an excess of \$700 million contracts have been awarded to small business participants.

The second component of our Matchmaking Initiative is online, providing education and training opportunities for small businesses owners. This part of the program also allows procurement representatives with travel and time limitations to talk initially by phone with pre-qualified small business owners offering appropriate products and services.

Since the inception of this program in 2005, over 2 million individuals have visited and interacted with our business matchmaking website, www.businessmatchmaking.com. For more information on SBA Regional Matchmaking events and online procurement opportunities, visit our website, again it's, www.businessmatchmaking.com.

GOVT. CONTRACTING CHANGES

These forums are important, because small businesses are at a disadvantage in the area of procurement. The SBA is committed to creating an environment where small businesses will flourish, and enter the federal marketplace as equal competitors, and we have taken actions to advance that objective.

And why is that? Because treating small businesses right in federal contracting is not only an issue of fairness. It's also good business. Small businesses are often more competitive, more flexible and deliver a higher quality. They are just a little tougher to find.

So in order to provide a fair yet competitive procurement environment for small businesses we at the SBA have taken some steps over the last year to improve the environment for small businesses in federal contracting arena, as well as the transparency and accuracy of the contracting data reported.

As many of you know, the Federal Government has a mandated goal to spend at least 23% of its procurement dollars in the U.S. with small businesses. We are working hard to tighten up policies and the integrity of reporting to support small businesses.

RECERTIFICATION

First, we are improving the rules to ensure that small businesses are the ones who get small business contracts. A new recertification requirement will be effective on Monday. Previously, the size of a business was determined at the time that a firm submitted its proposal for a contract and that classification was good for the life of the contract.

Under a revised regulation, small businesses will be required to recertify their size status at the end of the first five years of a long-term contract,

when a subsequent contract option is exercised, and when a small business is purchased or merged with another business, to ensure that small business contract awards are accurately reported.

DATA ACCURACY

Second, too many contracts show up as small businesses in the federal contracting system that aren't. In late September, Administrator Paul A. Dennett of the Office of Federal Procurement Policy, and I, issued a memorandum requiring that agencies review their 2005 procurement data and identify any necessary changes to help resolve apparent discrepancies in the data base that are inaccurate.

With millions of contacting actions each year, agencies will need to ensure the accuracy of this information. This necessary change will help the government achieve a much higher level of data integrity in future years.

SCORECARD

Further, I believe that what gets measured gets managed, so we implemented a Small Business Procurement Scorecard. The SBA, in cooperation with the OMB's Office of Federal Procurement Policy, is using—for the first time—the Small Business Procurement Scorecard which is designed to collect and report the extent of small business

participation in Federal contracting individually for 24 federal agencies when the 2007 small business goaling report is published.

It will allow each agency to tell the full story of its small business achievement—not only by tracking and monitoring the status of each agency’s small business goal achievement—but by measuring the progress it is making toward that achievement and ensure accountability for the American people’s money.

PCR

Finally, I have directed the hiring of additional procurement center representatives. Procurement Center Representatives have front-line contracting assistance responsibilities, are stationed at major Federal acquisition activities, and review Federal requirements to ensure that small businesses have access to such opportunities under the legislated small business procurement preference programs including:

- small business set-asides
- HUBZones
- service-disabled veteran-owned small businesses
- women-owned small businesses, and
- small disadvantaged businesses.

The Procurement Center Representatives and our district office staff across the country are also working to provide better support for each of these groups. We have enhanced our market research tool that now allows procurement officials to quickly and easily perform a market search for small businesses in any of these groups that can perform federal contracts. Our procurement representatives will also now concentrate primarily on the procuring agencies to assist them in making each of their small business goals. Ensuring this goal is met will help us reach out to more small businesses, including our underserved firms who need our help the most.

Our enhanced outreach efforts coupled with our program will help us better assist disadvantaged businesses in securing government contracts.

WHAT WE DO

Government contracting is just one way we help small businesses. Over the years, the agency has helped many of our best known corporate icons get their starts. Intel, AOL, Outback Steakhouse, Apple, Amgen, Ben & Jerry's, Callaway Golf, Staples, Under Armour, NIKE, and FedEx all received help from one of SBA's programs.

- The SBA lends or guarantees more than \$80 billion in loans and investments. Over the last six years, SBA lending has doubled and lending to minority entrepreneurs has increased over 150%.

- Many of our loan programs are targeted to certain groups. In fact, just two weeks ago I had the pleasure of announcing a brand-new loan product, the Patriot Express Loan. Veterans, active duty personnel who are in the military's Transition Assistance Program, all Reservists and National Guard members, and the current spouse of that person, are eligible for Patriot Express. For this Initiative, we've been able to put together the best parts of our 7(a) loan program (a higher guarantee and maximum interest rate) and our SBA Express product (simplified processing and greater availability), to create a very compelling and attractive product for the military community. We're excited about expanding our support for America's military heroes, and their families.
- Last year, SBA's technical assistance partners counseled approximately 1.42 million entrepreneurs. Also last year, the SBA website received 26 million hits.
- Through its Office of Advocacy, SBA helps protect small business from harmful new government regulations, and through its National Ombudsman, it helps small business deal with unfair application of existing regulations. Our regional representatives in both the Office of Advocacy and our National Ombudsman's office work to identify local and regional small business issues.

MY VISION

So that was a brief overview of what SBA does. As the head of a federal agency that oversees a number of large and far-reaching programs, I also want to talk a bit about the importance of good management in the federal government.

Admittedly, after 24 years in the private sector, I came to this role with a bias toward operational solutions. But it appears to me that when there is a problem in government, there is generally a bias toward addressing it with a new policy, a new law, or a call for burdensome oversight, when the solution may be fixing a process – that is, an operational solution.

We are addressing the many of the challenges and opportunities in the agency on the foundation of four guideposts. We need to be an agency that is:

1. Outcomes Driven
2. Customer Focused
3. Employee enabled
4. Tight Ship—efficient, accountable and transparent.

CONCLUSION

One of the great things about the job is serving a President who is the biggest advocate we have for small businesses. When it comes to health care policy, tax reform, and regulatory reform, he has been an ardent

supporter of small business because he understands the tremendous role you all play.

As the President said:

“If you own something, you have a vital stake in the future of our country. The more ownership there is in America, the more vitality there is in America, and the more people have a vital stake in the future of this country.”

I believe that ownership anchors us in what is important for our businesses, for our employees, for our communities, and for America.

Millions of small businesses across our country combine to form the most powerful force we have for job creation, growth, and innovation and you are part of this engine. Your actions help to create more jobs for Americans, increase competitiveness in the global marketplace, and transformation for our communities.

A large part of my job at SBA is to give a stronger presence to small businesses in federal government contracting by ensuring that small businesses get a fair and competitive opportunity to work with the government as well implementing actions which result in transparency and integrity to government contracting. We want you to be successful because that is good for America.

I would also like thank the Department of Energy for their partnership to help small businesses succeed. Forums like this help us to provide so many opportunities for small businesses. I would like to thank Secretary Samuel Bodman and Deputy Secretary Clay Sell for inviting me to join you here today and for their support of small businesses.